

**Annual Work Plan Finalized
Incorporating GOG Priorities
(Year 5)**

October 2002



Sigma One Corporation

**Annual Work Plan Finalized Incorporating GOG Priorities
(Year 5)**

Submitted to:

**U.S. Agency for International Development
Mission to Ghana**

for:

**Trade and Investment Reform Program (TIRP)
Improved Policy Reform and Financial Intermediation
USAID Contract Number: 641-C-00-98-00229**

by:

Sigma One Corporation

In fulfillment of the following milestones:

- 1.2 Annual Work Plan finalized incorporating GOG priorities (Year 5)**
- 2.3 Annual Work Plan finalized incorporating GOG priorities (Year 5)**
- 3.2 Annual Work Plan finalized incorporating GOG priorities (Year 5)**
- 4.1 Annual Work Plan finalized incorporating GOG priorities (Year 5)**

**Improved Policy Reform and Financial Intermediation
Trade and Investment Reform Program
Contract # 641-C-00-98-00229**

Sigma One Corporation

Work Plan (Year 5) ¹

This document presents a work plan for the accomplishment of all remaining milestones under Sigma One Corporation contract to provide technical assistance to the Government Of Ghana in the implementation of its reforms under the Improved Policy Reform and Financial Intermediation component of the Trade and Investment Reform Program. This action plan will serve as the Work Plan document for Year 5 of the contract but is inclusive of all remaining milestones under the contract.

Our emphasis in the time period July 1, 2002 to September 30th, 2003 will be in four key areas:

1. Revenue Generation and taxation policy.
2. Trade policy environment for economic growth.
3. Macro stability and related policies in the context of poverty reduction
4. Financial intermediation improvement.

In addition, issues related to the policies for the growth of agriculturally based exports, labor market reforms, land market reforms and other “hot button” issues will be addressed, if so requested by the Government and agreed to by USAID, on a as need basis using milestones under work shops and built into the analytical framework under one of the four focus areas.

The Action Plan presents specific information on the anticipated Sigma One Corporation activities for achieving milestones, outlining the approach and issues under each milestone, tentative dates of performance and completion, and possible candidates to provide the technical assistance. The presentation is organized progressively from CLIN 1 to 9.

¹ This Work plan covers the period of contract year 5 (July 1 2002 to June 30, 2003) as well as the remaining contract period of July 1 2003 to September 30, 2003 so as to be comprehensiveness with all remaining activities.

Milestones 1.1, 2.1, 3.1 (Years 5 & 6) Chief Of Party/ Senior Policy expert mobilized and performing in Ghana.

Activities This milestone extends the position of the Chief of Party in year 5 of contract to June 30th of 2002 and in year 6 to the end of September 2003.

Deliverables Chief of Party / senior policy expert resident in Accra

Resources Dr. Joseph Goodwin resigned and left Accra on September 26, 2002 after over four years at the position. Our proposed candidate, Dr. Dale Colyer, is under consideration by USAID. Mr. Abrar Sattar, Technical Director of Sigma One Corporation, is presently the Acting Chief of Party.

Time line As soon as approved through September 30th 2003.

Milestone 1.2, 2.3, 3.2, 4.1 (Year 5) Annual Work plan finalized incorporating GOG priorities

Activities This milestone serves as a planning exercise and policy direction for contract activities. Input from GOG on priority issues for them will be incorporated. The draft document, when accepted by USAID completes this milestone.

Deliverables Work Plan for all remaining Milestones under contract

Resources Mr. Abrar Sattar, Technical Director of Sigma One Corporation.

Time line Draft completed and submitted on October 16, 2002

Milestone 1.11 (Year 5) Annual National Economic Forum in Fall

Activities To support the National Economic Dialogue for 2003 through technical assistance on background papers and presentations. The Minister of Economic and Regional Planning intends to hold quarterly meetings of the NED secretariat leading to the main event in 2003. Sigma One Corporation will provide technical support to these meetings, if held and appropriate.

Deliverables NED 2003 proceedings

Resources Commissioning of background papers from Ghanaian experts and activity coordinator, possibly Mr. Ralph Franklin.

Time line To be set by GOG, most likely May or June of 2003.

Milestone 1.15 (Year 4) Evaluate Progress toward milestone and results

- Activities Undertake an evaluation of TIRP program activities under Sigma One Corporation contract to provide insight into if the broad objectives of the TIRP program are within reach and if the milestones are being completed on time and with substance.
- Deliverables Evaluation and Progress report
- Resources Dr. Dale Colyer.
- Time line currently underway, to be completed by the end of October 2002

Milestone 1.15 (Year 5) Evaluate Progress toward milestone and results

- Activities Undertake an evaluation of TIRP program activities under Sigma One Corporation contract to provide insight into if the broad objectives of the TIRP program are within reach and if the milestones are being completed on time and with substance.
- Deliverables Evaluation and Progress report
- Resources To be done by a Sigma One Corporation staff member, most likely Mr. Abrar Sattar, Technical Director.
- Time line July – August 2003

Milestone 1.16 (Year 5) Present budget to Parliament for January

- Activities Analytical support to the budgetary process and its various committees.
- Deliverables The budget document and a summary of assistance provided.
- Resources Duke Team on revenue Generation
- Time line October 2002 through until budget submitted (mostly likely February 2003)

Milestone 1.17 (Year 5) Town Hall meeting in one or two regional cities to increase public awareness

- Activities Support logistics and provide technical assistance to hold or facilitate planned meetings by one or more of public or private organizations promoting public

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awareness on issues at the core of Sigma One Corporation work. This could include presentations by FAGE, AGI, Chamber, CEPA, ISSER or the like.

Deliverables Summary proceedings of meetings facilitated

Resources At least one, possibly two, meetings receive technical or logistical support

Time line To be decided and as needed.

Adoption and Implementation of Policy and Regulatory Reform

Milestones 2.2 & 3.3 (Years 5 & 6) Senior Monetary Economist mobilized and performing in Ghana.

Activities: Technical services of a resident Senior Monetary Economist.

Deliverables Senior Monetary expert resident in Accra

Resources Dr. Mahamadu Bawumia

Time line Through September 30th 2003.

Milestone 2.14 (Year 3) Document for monitoring expenditure control

Activities Support to the Ministry of Finance in helping it develop a framework for consolidating Ghana's medium term capital expenditures.

Deliverables Analytical framework report and summary delivered

Resources Services of a team of two experts, Dr. Albert Osei and Mr. P.K Mensah

Time line Work has been completed and Draft presented to Sigma One Corporation.

Milestone 2.23 A strategy brief circulated to achieve consensus on timber and wood export policies

Activities To support the development of analytical information, summarized in a brief format, for use by GOG in rationalizing its wood and timber export policies. The brief should suggest a viable and sustainable export policy that does not deplete natural forest resources in the country beyond recovery.

Deliverables A brief on appropriate wood and timber export policies.

Resources A timber and wood export specialist.

Time line February 2003

Milestone 2.28 & 4.9 Plan for institutionalizing TIRP activities within Ghanaian institutions

Activities Sigma One Corporation is increasingly using Ghanaian experts and institutions in the delivery of its technical assistance. The idea is to match Ghanaian experts with international experts on our multiple activities ensuring that knowledge and techniques of analysis are transferred to Ghanaian experts and thus remains in Ghana. Towards this end, the Senior Monetary Economist at Sigma One Corporation is a reputed Ghanaian expert attached to the Bank of Ghana and we have the services of a Ghanaian Economist from the University of Ghana at East Legon specializing on macro and micro issues as well the financial sector. A parallel objective is to increase the visibility of issues that TIRP has identified as important to the development of Ghana, among the Ghanaian institutions.

Deliverables A summary of our activities, to illustrate ways in which issues that impede Ghana's development have been institutionalized in Ghana and are on "on the table" for open discussion.

Resources No additional resources are needed as each activity serves the purpose and intent of the milestone.

Time line Ongoing, with a summary report in July 2003.

Taxation Policy and Revenue Generation Activities Milestones

Milestone 2.29 Increased efficiency of existing or proposed revenue generation activities.

Activities Our focus under this milestone will be to support the functioning of the Revenue Agencies Governing Board (RAGB) and its sub-activities. Under this milestone, our support will focus on effective implementation of policies adopted and proper procedures to harness efficiencies of the RAGB activities. This will include support to RAGB reform program (2002-2005)

Deliverables Activity Reports submitted to USAID

Resources Duke University Subcontract, and Dr. Conrad's input. RTA has been approved.

Time line October 2002 to end of June 2003.

Milestone 2.30 Improved and Balanced Policies for Revenue Generation.

Activities: Our focus under this milestone will be to support policy changes in the tax system

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to improve revenue generation and support enabling legislation, policy and procedural changes to make RAGB effective and powerful to deliver its proposed role of oversight of other revenue agencies.

Deliverables Activity Reports submitted to USAID.

Resources Dr. Conrad and the Duke University. RTA approved.

Time line October 2002 to end of June 2003.

Milestone 2.32 Re-evaluate expanded national pilot program for collection procedures in 2003 and make recommendations for adjustments.

Activities Mr. Phillips and Valentine returned to Ghana in mid summer 2002 with a focus on delinquent accounts on IRS and procedures and training to process them and either collect them or write them of the books. A follow up activity is planned in 2003 to support implementation of recommendations adopted.

Deliverables A report on the re-evaluation and recommendations for adjustments.

Resources Mr. Valentine or another internal revenue expert

Time line April-May of 2003

Revenue Buoyancy Milestone

Milestone 2.33 Recommend alternate ways to enhance Revenue Buoyancy

Activities Revenue buoyancy measures will be developed for selected 3-4 of the 8 economic activities identified in the proposal.

Deliverables Revenue buoyancy by measures written up in reports or briefs for use by policy makers.

Resources Dr. Conrad and Duke team

Time line October 2002 – June 30th 2003

Improved Revenue Estimation Techniques Milestones

Milestone 2.34 Capacity Building in the Ministry of Finance in the adoption of methods to forecast tax revenues

Activities The successful completion of the Tax Analysis and Revenue Forecasting Program in February of 2002 allows us to move forward with the fine tuning of the models

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an their use for revenue forecasting in the area personal, corporate, trade and VAT taxes.

Deliverables Activity Reports on simulations undertaken

Resources Duke team

Time line October 2003 - June 2003

Milestone 2.35 Test the implementation of the Government of Ghana's methods to estimate the revenue impact of proposed changes in tax policy

Activities The fine tuned models of revenue forecasting are used in actual budgetary preparation exercise.

Deliverables Results of the analysis undertaken

Resources Duke team

Time line October 2002 to June 30th 2003

Trade Environment for Private Sector Growth Milestones

Milestone 2.36 Assist MOTI to develop and implement a National Trade Policy.

Activities This is an over arching milestone that will require the input of several other activities under the action plan to be finalized. It will be implemented in a highly interactive manner to include discussions and workshops with the Ghanaian leadership and will require a "technical coordinator" to collate the information, and draft the policy. This activity is currently underway with the Ministry of Trade and Industry, in coordination with DFID, and a draft statement will be ready by December for vetting and buy in from across the government institutions.

Deliverables A draft of a national trade policy to MOTI

Resources Dr. Muary Bredahl and Mr. J.B. Haizel

Time line September 2002 to June 2003

Milestone 2.37 Assist CEPS, MOTI and the MOF to design a trade and tariff data reporting system.

Activities This activity is currently underway. Sigma One Corporation is supporting the setting up of a simple trade and tariff data reporting system for routine publication by the GOG (host to be decided). Institutions involved will include CEPS, MOTI, MOF and possibly the Ghana Statistical Service.

Deliverables A tested design of a simple trade and tariff data system for Ghana.

Resources Mr. Jonathan Porter and Ms. Brenda Brown (RTA approved)

Time line May 2002 to June 2003

Milestone 2.38 Assist MOTI and the private sector to access the trade benefits from the recently enacted AGOA.

Activities Sigma One corporation will organize a study tour of selected countries in Africa to familiarize Ghanaian public leadership and private sector with the types of actions taken by the private and public sector in those countries to increase their utilization of the lower tariffs made available through AGOA. It is expected that 8-10 public and private sector leaders from Ghana will participate.

Deliverables Study Tour Report.

Resources Mr. Michael Klesh will organize the tour appointments and activities and lead the team. USAID will provide invitational travel for Ghanaians.

Time line November 2002

Milestone 2.39 Analyze import exemptions report on their impact on revenues and recommend changes in exemptions and their impact.

Activities The data for import exemptions is being compiled and the analysis will be conducted to determine the impact on revenue of import exemptions.

Deliverables An analysis report that summarizes the impact of import exemptions on revenues.

Resources Led by Mr. Ralph Franklin and Dr. Youngblood and in coordination with the Duke team. Both of these gentlemen have worked on this issue and produced an initial estimate of the impact of exemptions on revenues.

Time line December 2002 to February 2003.

Milestone 2.40 Assist the Government to implement the recommendations from the report on “Operational, Regulatory and Policy Changes Required to Eliminate Leakages in Free Zones and Bonded Warehousing Regimes.”

Activities Follow-up visit to provide hands-on assistance for implementation of recommendations from fieldwork done by Mr. Lyimo in late 2001.

Deliverables Draft report on assistance provided.

Resources Mr. Jacques Monette, RTA has been approved.

Time line November – December 2002

Financial and Macro Sector issues

Milestone 3.8 A brief on financial management issues relating to increased access to credit for Micro, Small and Medium Enterprises (MSME's) in Ghana.

Activities Understand the approach taken by USAID in making access to credit to MSME's easier through its Development Credit Authority effort and develop a brief summarizing the economic viability of the firm and macro consequences of the approach taken and recommending changes to the process or criteria for firms targeted.

Deliverables: A brief with recommendations on ways to improve the effectiveness of the DCA scheme and address financial sector issues that affect access to Credit for MSME.

Resources: An Expert on how schemes similar to DCA and an understanding of financing of micro and small firms finance in other developing countries and an expert on the macro consequences of such scheme (possibly Dr. Gockel and/or Ms. Tammara Duggleby) .

Time line To be decided

Milestone 3.10 A brief on exchange rate management to spur private sector growth.

Activities The brief will be developed to incorporate work undertaken by SOC on exchange rate management in Ghana over the years. Additionally, it will address the current economic reality and recommend alternative strategies that optimize private sector growth. We will also use this activity to address ongoing macro stability issues.

Deliverables A policy dialogue process, including work shops and meetings, for presentation of strategies to public and private sector leadership resulting in a single policy brief that proposes strategies for an ERM that spurs private sector growth.

Resources This activity will be guided by Dr. Bawumia with Dr. Youngblood taking the lead, with input from Dr. Franklin as needed, to develop and recommend the strategies for stability and growth

Time line November – June 2003

Milestone 3.11 (Year 5) Quarterly Meetings of the financial sector working Group

Activities An update of the Financial Sector Strategy Plan has been requested by the Minister of Finance. The update will be facilitated and vetted in the meetings of the working group.

Deliverables An updated financial sector strategy plan and facilitating of meetings of the financial sector working group

Resources Dr. Sam Mensah in the lead and Ms. Elsie Addo with the legal review and Dr. Gockel with the macro environment input. An RTA has been approved. No additional resources are required for Dr. Gockel as he is already on our staff

Time line October – November 2002

Milestone 3.14 A brief summarizing key recommendations on appropriate financial sector management issues for economic growth.

Activities: This milestone will present an opportunity to summarize work done under TIRP on financial sector management and point the way for future a follow up program by GOG and USAID.

Activities To be decided

Deliverables A brief

Resources To be decided

Time line By June 2003

Milestone 4.10 Evaluation of innovative financial instruments into financial markets

Activities	Many new instruments have been introduced are under consideration or are being introduced. Sigma One Corporation experts have provided analytical critique of the instruments as they were being proposed. We propose to bring in an expert knowledgeable about these instruments for an evaluation of their performance.
Deliverables	An evaluation report on various newly introduced financial instruments.
Resources	Mr. Clifford Mpare
Time line	March 2003

Improvements to SSNIT Pension Funds*Milestone 4.11 Review potential strategies to harness SSNIT Pension contributions for private sector investment*

Activities	Assist SSNIT for review strategies to harness SSNIT funds for private sector investment
Deliverables	Review to include options on financial arrangements or instruments to harness SSNIT funds for private sector investment
Resources	Mr. William Whitworth as the lead person with input from Ghanaian experts if needed.
Time line	January – February 2003

Milestone 4.12 Review implications and impact of introducing Private Pension Funds as supplements or substitutes for SSNIT Pension Funds

Activities	This activity is currently underway and a Long term Savings Plan is currently being vetted by a cross institutional committee under the leadership of the Ministry of Economic and Regional Planning.
Deliverables	Long Term Savings report, dialogue and vetting process facilitation, assistance on legislation drafting for consideration by the Attorney General.
Resources	Mr. William Whitworth in the lead, with input from Ralph Franklin, a Ghanaian lawyer. (RTA approved).
Time line	To be completed by end of November 2002, with follow-up if need be in 2003.

Home Office support*Milestone 5 Home office staff and support provided*

Activities	Sigma One Corporation will continue to provide home office support for the smooth execution of program activities.
Deliverables	Services of home office staff.
Resources	As need be within the limits of the budget.
Time line	Ongoing

Conferences, Work shops, Seminars

The following four milestones serve to facilitate dialogue activities and also serves as a means to address urgent issues not contemplated in any of the remaining milestones to be completed. As of now we have been asked to facilitate meetings for the Bank of Ghana with parliamentarians to vet the various financial sector laws pending pending before the parliament. We may also be asked to facilitate discussions on the labor law. We are not ready to move on either yet as we are developing more information on these requests. We also expect to facilitate a Trade policy work shop on December 17 and perhaps a dialogue workshop on land market reform issues.

Milestone 6.1 (Year 5) One Workshop held in Ghana per year

Activities	To be decided
Deliverables	Work shop and workshop report
Resources	To be decided
Time line	To be decided

Milestone 6.2 (Year 5) Hold Workshops/seminars with participatory Policy working Group

Activities	To be decided
Deliverables	One or more Workshop or seminar and reports
Resources	To be decided
Time line	To be decided

Milestone 6.3 (Year 5) One Seminar held in Ghana per year

Activities To be decided
Deliverables Seminar and Seminar report
Resources To be decided
Time line To be decided

Milestone 6.4 (Year 5) One conference held in Ghana per year

Activities To be decided
Deliverables Conference and conference report
Resources To be decided
Time line To be decided

Publications

Milestones 8.3 (Year 5) Publications renewed

Activities Publications of relevance renewed and distributed to our Ghanaian counterparts
Deliverables Publications renewed list
Resources Funds for publications, printing of TIRP documents.
Time line Ongoing

Field Office Operations

Milestone 9.4 (Years 5 & 6) Office support provided to LTTA and STTA staff

Activities This milestone extends the field office operations to the end of September 2003
Deliverables Accra office operations, supported by the home office.
Resources Funds to support Accra office operation, local support staff, and Ghanaian experts.
Time line Ongoing through September 30th 2003